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the minor premises. The final-utility theorists, so far as they have sought to substitute a use theory for a cost theory of value, have failed ; but in a combination of these theories lies the truth which reveals the really great value of their work. They have clarified the theory of value by adding a new and vital element to the old theory, not by destroying it and substituting another.

The author contends that the name social economics is preferable to its older competitors, political economy or national economy ; because (1) the term political economy emphasizes too closely the relation of the state to economy and economics ; (2) the expression national economy assumes that there is a particular specific economic system bound up within the confines of each state — an assumption which, at most, is true only in accidental cases, since economics has nothing to do with either the nation or with politics ; while (3) “there is an economic group, a social economy, whether its activities are confined to a communal dwelling, a city or a world.”

Theoretical social economics has for its goal the analysis of the causes of the economic life of society in its entirety. “To know is to know by means of causes. But the particular moving causes of the social world are human wants.” Hence the logical necessity in any system of social economics of an analysis of human wants. This is perhaps enough to indicate the author’s point of view, which is a thoroughly rational one. It is gratifying to note that he avoids the extreme subjectivity of Professor Boehm-Bawerk’s method, and at the same time does not attempt the manifestly impossible task of explaining economic phenomena (another name for man’s attempts to adjust his surroundings to his needs) by ignoring the subjective field of observation and depending entirely upon the objective. Aside from a somewhat involved style, which presents difficulties to an American reader, the book, especially the constructive part, is thoroughly readable. Its originality consists, not in the novelty of its conclusions or methods, but in the author’s striking way of saying things.

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T. N. CARVER.

*Value and Distribution.* An Historical, Critical and Constructive Study in Economic Theory. Adapted for advanced and postgraduate work. By CHARLES WILLIAM MACFARLANE, Ph.D. Philadelphia, J. B. Lippincott Company, 1899. — 317 pp.

This work is a valuable contribution to the literature of economic theory. It aims, first, to give a certain unity to recent theoretical

statements, by presenting them in a consecutive way; secondly, to trace the evolution of certain recent ideas from classical sources; thirdly, to criticise those ideas; and, finally, to make an independent contribution to them. The central point in the author's study is a recognition of certain "surplus gains" at points where, according to older theories, they have been excluded. The author finds even the recent Austrian theory of value defective, in that it fails to recognize a certain net gain realized by consumers of those marginal or final utilities which, as is commonly supposed, are worth no more to the consumer than they cost. The criticism is certainly valid, as against statements of that theory which are not highly analytical. The lowest unit of a particular commodity consumed by a man does, as a rule, afford him a net gain of the kind that Dr. Macfarlane describes. It yields a "consumer's surplus," since it is worth to the user more than it costs him in personal sacrifice.

Perhaps the most interesting and important point in the author's critical discussion of other theories, and the one in which his own contribution to economic thought is the largest, is his treatment of rent and profit. Rents of all kinds are, he thinks, — and as the classical economist maintained, — not elements of price-making; while profits, on the contrary, are price-making.

The argument that rent is not an element in price is essentially the one with which Mr. John Stuart Mill has made all students of economics familiar. Profit, in Dr. Macfarlane's theory, is a further element, closely related to rent, and capable of being confounded with it, but in reality very unlike it in its nature and in its relation to price. If an article is freely produced, and there is no arbitrary limitation on the supply of it, some men produce it more economically than do others. The marginal man is one who sells it at cost, because, by virtue of something in himself or in his environment, he spends so much more than do others in producing the article that he gets no profit. If, now, the business were a monopoly, — if the supply were arbitrarily limited, — even this marginal man might get a profit. In that case, all the other men in the same business would get the same profit, in addition to whatever else they might make by virtue of the superiority of their powers of production.

In Dr. Macfarlane's view this profit is price-determining, because, as he says, "this surplus must be paid, if the supply of the commodity is to be maintained." Why must it be paid? Is there anything that compels the public to pay it, except the power of the monopolistic producers to limit the supply of the article and thus to manipulate

the price of it? The profit is, indeed, the *inducing* cause of the limitation on the quantity, and hence of the high price; but the price itself is the direct and efficient cause of the surplus that the monopolists get. Monopoly gains are price-making, because they are a lure that appeals to the will of men who have the power to make prices; but between the volition and the effect of it on the profit, price intervenes as a necessary connecting link and is, in this sense, a cause of profits. The price of any one article is a condition of the amount of gain that is now realized by any of the agents who produce it. With this interpretation of terms, and this recognition of the distinction between two kinds of causes, we may assent to the claim that the element in distribution that is here called profit has a real existence and has to be accounted for in the theory of distribution. We may, moreover, agree that the desire to get it sets price-making influences at work.

In one important respect the author is in advance of many others. In an essential part of his study he has intentionally confined his view to a single industry, instead of including the whole range of industry. It has been the bane of many students of theory that they have not clearly perceived the difference between these two fields of study; for they have supposed they were attaining truths concerning industry as a whole, when their data have been taken from a single specific business or industrial group. The intricate relations which one group sustains to others have been the real cause of confusion and error in studies based on the pursuit of this method.

A part of the difference that Dr. Macfarlane perceives between his theory and that of other economists is due to the fact that what are called natural standards of value, wages and interest, are in reality static standards. They are the rates of value, wages and interest that could be realized only in a society in which there were no such things as radical economic changes, with the friction and disturbance that they cause. Most monopolies and quasi-monopolies are actually the result of such friction. If a man were to attempt to explain the phenomena of business without recognizing this element, he would be liable to the criticism that Dr. Macfarlane makes; for he would not give a due recognition to the element, monopoly profit. Those who divide economic theory into static and dynamic divisions avoid this difficulty. The whole subject of economic friction then falls within the dynamic part of science; for monopolies, quasi-monopolies and the profits that they yield are due to dynamic movements and to friction. A static division concerns itself only with the standards of value, wages

and interest that would be realized if these movements and the resistance did not occur. A clear distinction between static studies and dynamic ones will settle many controversies. It will bring more nearly into unity what looks like a mass of divergent and irreconcilable thought than anything else that is possible. In revealing the necessity of making this distinction, Dr. Macfarlane's book renders a service that is, perhaps, incidental to its main purpose. The work will be valued by all who appreciate the importance of clear thinking concerning the laws of distribution.

JOHN B. CLARK.

*Histoire des doctrines économiques.* Par A. ESPINAS, Professeur à la Faculté des Lettres de Bordeaux. Paris, Armand Colin et Cie., n. d. — 359 pp.

*Recherches sur l'histoire de l'économie politique.* Par ERNEST NYS, Professeur à l'Université de Bruxelles. Bruxelles, Alfred Castaigne, 1898. — xv, 247 pp.

*Histoire des doctrines économiques.* Par JOSEPH RAMBAUD. Paris, L. Larose, 1899. — 512 pp.

The influence of the newer school or schools of economists in France is making itself apparent in more ways than one. Among these not the least is the increased attention paid to the history of economic theory. Until a few years ago the absence of any satisfactory treatment of these topics was very noticeable. Recently, however, we called attention to Professor Souchon's study of the economic theories of the Greeks; and we now have almost simultaneously three French books on the general history of political economy.

The work of Professor Espinas, of Bordeaux, is only a slight sketch. As was to be expected from the well-known views of the author, considerable attention is paid to the philosophical bases of the various doctrines. The author acknowledges his great indebtedness to Ingram, although he supplements the latter at several points. The book is well prepared; but it will not fill any great gap for American or English readers.

A more independent work is that of M. Ernest Nys, professor at the University of Brussels. Professor Nys has already written a great deal, more especially on the subject of international law — for he is not an economist by profession. The present book is really less a history of economic theory than a history of economic institutions, with a few reflections on theory interspersed here and there. Thus, the author takes up in turn the Byzantine and the Mussulman